

RTO West  
Facilities In/Exclusion

Introduction

The decisions that each Participating Transmission Owner (PTO) must make regarding facilities in/exclusion affect pricing, operational control and planning. This paper is intended to summarize each PTO's current thinking regarding the treatment of its own facilities. It is noteworthy that these decisions may change depending upon the ultimate position taken by RTO West on other issues such as transmission planning and the determination/allocation of transmission losses.

Due to the fact that RTO West has embraced the concept of Company Rates, it effectively allows each PTO to work with its regulators and customers to determine the treatment of various facilities; each PTO enjoys some flexibility with respect to defining its Company Rate revenue requirement, determining which facilities should be turned over to the operational control of RTO West and, determining which facilities should be included in RTO West's planning efforts. This paper is intended to summarize the various approaches that RTO West Participating Transmission Owners are taking regarding facilities in/exclusion decisions.

Transmission Operating Agreement

Some guidance on this issue is provided by the Transmission Operating Agreement:

- The definition of *Company Costs* means costs of the Executing Transmission Owner incurred in connection with the ownership and operating of the Transmission Facilities (or of alternatives that avoid construction of such Transmission Facilities), including any applicable performance or incentive payments, as the Executing Transmission Owner may propose and the FERC may accept for filing or approve.
- The definition of *Transmission Facilities* states that they are those facilities identified in Exhibit B ("Transmission Facilities") that include at least all of the Executing Transmission Owner's transmission facilities that meet the definition of RTO West Controlled Transmission Facilities. The Executing Transmission Owner may from time to time at its election add to or remove from Exhibit B Transmission Facilities that are not RTO West Controlled Transmission Facilities.  
**[Issue: The definition of Transmission Facilities specifically excludes generation-integration transmission facilities.]**
- The definition of *RTO West Controlled Transmission Facilities* states that they are those facilities specified in Exhibit D ("RTO West Controlled Transmission Facilities") over which RTO West shall exercise Operational Control. These Transmission Facilities have a material impact on Total Transfer Capability of a Flowpath, the ability to transfer electric power and energy within a Congestion

Zone or the ability to transfer electric power between RTO West and adjacent Control Areas.

#### Approaches to Facilities Classification

There are essentially three different approaches to facilities classification that RTO West Participating Transmission Owners have adopted:

- (1) Those who include the same facilities in the definition of *Transmission Facilities* and *RTO West Controlled Transmission Facilities*.

This category includes Avista, Bonneville Power Administration, British Columbia Hydro, Nevada Power Company, Portland General Electric, and Sierra Pacific.

- (2) Those who recognize all *Transmission Facilities* for pricing purposes and services, i.e., the Company Rate revenue requirement, but exclude some of these facilities from the *RTO West Controlled Facilities* category. This distinction is necessary so that some facilities can continue to be operated and planned as part of a local transmission and distribution system.

This category includes Idaho Power Company, Montana Power Company and PacifiCorp.

- (3) Those who include the same facilities in the definition of *Transmission Facilities* and *RTO West Controlled Transmission Facilities* and both of these definitions will exclude a key subset of facilities ("Exempt Facilities") classified as distribution pursuant to State or Federal order. Because these "exempt" facilities may have secondary impacts on the Total Transfer Capability of some Flowpaths, RTO West will include them in its planning processes and will determine Total Transfer Capability based in part on these facilities. RTO West may determine that upgrades to these facilities are needed to support or improve Total Transfer Capability or for regional reliability, and the owner (i.e., PSE) will undertake upgrades subject to resolution of cost allocation.

This category includes Puget Sound Energy.

#### Facility-specific Information

Details regarding specific facilities that are included/excluded for pricing, operational and planning purposes can be found on the RTO West Stage 2 Pricing Content Group Webpage, which is at: <http://www.rtowest.org/Stage2PricingCGMain.htm>

It is noteworthy that all PTOs anticipate a need to establish a separate, wholesale rate which will be applied to the wholesale user of low voltage facilities, e.g., a wholesale distribution rate.